



## **GENERAL ASSEMBLY OF THE STATE OF TENNESSEE FISCAL REVIEW COMMITTEE**

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### **Rep. Charles Curtiss, Chairman**

Representatives

Harry Brooks	Mary Pruitt
Curt Cobb	Donna Rowland
Dennis Ferguson	David Shepard
Frank Niceley	Curry Todd
Craig Fitzhugh, <i>ex officio</i>	
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Steve Cohen	
Douglas Henry, <i>ex officio</i>	
Lt. Governor John S. Wilder, <i>ex officio</i>	

## **FISCAL REVIEW COMMITTEE QUARTERLY REPORT FOR THE PERIOD ENDING JUNE 30, 2006**

### **Committee Testimony.**

On April 3, 2006, Mr. Bo Irvin, Executive Director, Board of Probation and Parole testified on the fiscal implications of GPS (global positioning system) monitoring relating to current spending and statewide expansion for the system. T.C.A. 40-39-303 authorizes the Board usage of GPS technology to monitor sex offenders and serious offenders. The 11-county pilot project rollout began in September of 2005, and BOPP has monitored an average of 370-380 offenders.

On April 24, 2006, Commissioner Goetz from the Department of Finance and Administration reported on the Cover Tennessee Program. Commissioner Goetz discussed the sources of funding and benefits for the program.

On June 21, 2006 Mr. Paul Degges, Chef Engineer of the Department of Transportation discussed the status and cost of guardrail repairs. He also discussed the success rate of completion of highway projects, the budgeted costs and timeframes for different projects, as well as penalties and rewards for projects completed or not completed within the contracted time.

In addition, Mr. William Ezell, Chief Information Officer from the Office of Information Resources discusses software contracts.

## **Non-Competitive Contract Review.**

The Committee, through the Contract Services Subcommittee, reviewed and commented on 50 proposed non-competitive state contracts and contract amendments with a term of more than one year and a cumulative value of at least \$250,000. Forty-three of these contracts were approved; nine with stipulations for changes that approval was conditioned upon. The Committee voted not to make a favorable recommendation on five contracts.

## **Other Activities.**

During the regular session, fiscal review staff wrote 1806 fiscal notes and 606 fiscal memoranda for the 104th General Assembly.

The Committee staff presented estimates of state revenue receipts for the fiscal year ending June 30, 2006, and the fiscal year ending June 30, 2007, to the State Funding Board at its meeting on May 3, 2006. These estimates, based on historical collection patterns and time-series analysis and projection of future collections, served as the basis for revised revenue projections upon which the final appropriations bill was based. The revised estimate for fiscal year ending June 30, 2006 is \$10,253,563,000. This estimate reflects a 6.38% growth rate over actual revenue collections from the previous fiscal year. The revised estimate made for fiscal year ending June 30, 2007 is \$10,644,922,000. This estimate reflects a more moderate 3.82% growth rate over estimated revenue collections for the current fiscal year.

In addition, the Committee staff presented the Funding Board with estimates of receipts from the Tennessee Education Lottery. The estimate for net lottery proceeds for fiscal year ending June 30, 2006 is \$267,050,000. This represents a 17.4% increase over actual net lottery proceeds from the previous fiscal year. The majority of this growth was driven primarily from one-time events that created higher-than-expected sales such as increased prize payouts on instant games, higher-than-expected Powerball jackpots (due to a matrix change), the introduction of CASH 4, and the beginning of mid-day drawings for both CASH 3 and CASH 4. Future growth rates are expected to approximate industry averages.

The estimate for net lottery proceeds for fiscal year ending June 30, 2007 is \$267,612,000. This represents a 0.2% increase, which results from the expectation that net sales will increase by approximately 2.0% (the industry average). Net lottery proceeds are expected to grow at a rate slower than net sales due to the expectation that prize payout ratios will continue to increase.

If you need copies or additional information concerning any of the above matters, please let us know or contact James W. White, Executive Director, at (615) 741-2564. We appreciate the cooperation provided by the various state entities during the review process.

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